

Message Text

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ACTION EB-06

INFO OCT-01 AF-04 EUR-12 EA-06 NEA-06 IO-10 ISO-00 AGR-05

SWF-01 AID-05 RSC-01 COME-00 TRSE-00 SP-02 NSC-05

CIEP-01 SS-15 STR-01 OMB-01 CEA-01 PA-01 USIA-06

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC 5575

INFO AMEMBASSY ROME

AMEMBASSY NEW DELHI

AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY NAIROBI

AMEMBASSY JAKARTA

USMISSION GENEVA

AMCONSUL CALCUTTA

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E.O. 11652: N/A

TAGS: ETRD, EAGR, DAO

SUBJ: TEA: UK SHOWS LITTLE CONCERN ABOUT POSSIBLE
PRODUCER ACTION ON MINIMUM PRICES

REF: (A) STATE 239086; (B) ROME 15056

1. EMBOFF DISCUSSED QUESTIONS POSED IN REF (A) WITH
MICHAEL MADDEN, TROPICAL FOODS DIVISION, MINISTRY OF
AGRICULTURE, FISHERIES AND FOOD, IN SOME DETAIL DURING
LUNCH NOVEMBER 8. MADDEN SAID NEITHER HE NOR LOCAL
INDUSTRY FELT LATEST EFFORT BY INDIA TO INTRODUCE A
MINIMUM PRICE SCHEME FOR TEA WAS LIKELY TO COME TO
ANYTHING.

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2. WITH RESPECT TO QUESTIONS POSED IN REF (A), MADDEN

SAID (A) UK WOULD OF COURSE OPPOSE ANY UNILATERAL MINIMUM PRICE SCHEME PUT FORWARD BY THE PRODUCERS IF THIS SHOWED ANY SERIOUS POSSIBILITIES OF SUCCESS; (B) NEVERTHELESS, THE UK WAS ON RECORD FOR FAVORING NEGOTIATIONS OF A TEA COMMODITY AGREEMENT--INCLUDING BOTH PRODUCERS AND CONSUMERS--IF THIS WAS WHAT TEA PRODUCERS WANTED; AND (C) RE USE OF FAO AS A FORUM FOR DEVELOPMENT OF A UNILATERAL SCHEME, THE UK RIGHTLY OR WRONGLY HAD ALREADY ACQUIESCED IN ALLOWING FAO TO STUDY MATTER(BUT UK WOULD BECOME CONCERNED IF FAO UNDERTOOK TO DO MORE THAN MAKE AN OBJECTIVE ANALYSIS).

3. REGARDING HIS BELIEF THAT SCHEME WILL FAIL, MADDEN MENTIONED THE FOLLOWING FACTORS: (A) THE NATURAL RIVALRY BETWEEN THE OLDER PRODUCERS (INDIA, SRI LANKA) AND THE RISING, MORE AGGRESSIVE EAST AFRICAN PRODUCERS, (B) DIFFICULTY IN ESTABLISHING A MINIMUM PRICE SCALE BECAUSE OF THE VARIETY OF GRADES AND PREVALENCE OF BLENDING, AND (C) USE OF THE AUCTION SYSTEM IN THE UK AS A PRICE ESTABLISHING MECHANISM.

SPIERS

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